SUPREME COURT, U. S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1968

No. 786

WILCOX MANUFACTURING COMPANY, *Petitioner*

v.

JEFFREY GALION MANUFACTURING COMPANY, *Respondent*

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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Petitioner respectfully prays that a Writ of Certiorari issue to review the decree or judgment of the Court of Appeals for the Fourth Circuit in consolidated Appeals Nos. 11963 and 11964, dated July 18, 1968, —— F. 2d ——, 158 USPQ 510. Petition for rehearing was denied September 6, 1968.

OPINIONS OF THE COURTS BELOW

The opinion of the United States Court of Appeals for the Fourth Circuit, dated July 18, 1968, is reported at — F. 2d —, 158 USPQ 510. A copy of this opinion is appended to this petition, (Appendix page 1a).

The opinion of the District Court for the Northern District of West Virginia (Judge John A. Field) is reported at 278 F. Supp. 34, 157 USPQ 82. A copy is attached (Appendix page 9a).

JURISDICTION

This Court has jurisdiction to issue the writ now requested under the provisions of Title 28, United States Code, Section 1254, (1).

The judgment or decree of the Court below, review of which is sought, became final for purposes of this review on Sept. 6, 1968, the date of the Order denying a timely petition for rehearing of the judgment or decree of July 18, 1968.

Appeal No. 11964 arose from a judgment on a civil action filed in the District Court for the Northern District of West Virginia under the Declaratory Judgments Act, Title 28, United States Code, Sections 2201 and 2202; and Title 28, United States Code, Sections 1332 and 1338, as well as Title 35, United States Code, Chapters 28 and 29. Jurisdiction of the United States Court of Appeals of the Fourth Circuit was conferred by Title 28, United States Code, Section 1291.

QUESTION PRESENTED FOR REVIEW

In a declaratory judgment action brought by an old established company in an industry, against the patent of a new and infant competitor, did it subvert the constitutional purpose of the patent laws for the Court below to "vitiate" the patent "on its face" on a technical point of Patent Office practice which had already been considered and waived by the Patent Office before issuing the patent, without the Court even weighing the worth of the invention actually claimed in the new competitor's patent, as to its lack of obviousness or anticipation or its commercial success, when there was uncontroverted evidence that the invention had made possible the creation of a new industrial enterprise in an economically depressed region of the United States?

CONSTITUTIONAL AND STATUTORY PROVISIONS

The case involved Article 1, Section 8 of the Constitution of the United States reading:

> "Art. 1, Sec. 8. The Congress shall have power . . . To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

Also involved is Title 35, United States Code, Section 112 which is set forth in the appendix of this petition, at page 28a.

STATEMENT OF THE CASE

Respondent, Jeffrey-Galion Manufacturing Company filed a Declaratory Judgment action against the Wilcox patent 3,026,098 on May 7, 1962, shortly after the patent had issued on March 20, 1962.

Prior to the filing of this Declaratory Judgment action, Wilcox had brought an action for patent infringe-

ment against Eastern Gas & Fuel Associates, a large coal mining operator. Respondent Jeffrey had then arranged with Eastern to take over complete control of the defense of the civil action which had been filed against Eastern, and then filed the Declaratory Judgment action against Petitioner Wilcox asking for a declaration of non-infringement and invalidity of the Wilcox patents.

The two civil actions were consolidated and tried together in June of 1965.

More than two years later, July 26, 1967, the United States District Court (Judge Field) handed down its opinion holding both patents invalid and not infringed.

Petitioner Wilcox appealed and the Court of Appeals for the Fourth Circuit affirmed in an opinion dated July 18, 1968.

ARGUMENT

The large coal mine operating companies customarily mined the richer seams of coal of greater height and simply left the coal in the poorer or shorter seams in the ground, because the established manufacturers of mining machinery could not make machines which would mine the leaner coal seams of shorter height. The Wilcox invention benefited the smaller mining operators who were *then able* to mine the shorter seams, *and survive.*

The Court of Appeals chose to summarily "vitiate" the Wilcox patent 3,026,098 on its face on a highly technical point of Patent Office practice called file wrapper estoppel, while refusing to weigh or consider the merits of the invention as presented in a carefully prepared record made largely out of the mouths of

the Jeffrey officials and from unchallenged documents out of the plaintiff Jeffrey's own files. This record established the presence of invention, lack of obviousness or anticipation by the prior art, and great commercial success *which had been a boon to small operators mining coal in the depressed Appalachian coal regions of West Virginia, Pennsylvania, and Tennessee.*

This is not the usual patent case involving the rival activities of established competitors. Defendant Wilcox was an unwelcome infant innovator trying to enter an old established industry. Plaintiff Jeffrey deliberately copied defendant's patented miner for the purpose of preempting the market the new invention had created.

There was a deliberate plan to appropriate the innovator's invention and to destroy the validity of his patent rights.

The plan to appropriate the Wilcox invention and the market it had created, is apparent from unchallenged documents from Jeffrey's files, written by its own officials. The following is representative, from a 1958 report written to Jeffrey's Vice President Wilson:

> "The first phase of our investigation into the performance and potential of the mining machine manufactured by the Wilcox Manufacturing Company and known as the Wilcox miner has been completed * * *.
>
> The customer would be very happy with a tonnage of 100 to 120 tons per shift per machine. They continue to mention the fact that the use of the Wilcox miner permits them to mine at an economical figure a quality of coal *that otherwise would be left in the ground* until further developments in mining technique are made * * *.

> If, as a result of this commercial survey, we could show a potential of 50 machines in the next three years, I would say that we have a very worthwhile and profitable venture. The spare parts business is bound to be good on this machine, plus the fact that *with each Wilcox miner* we open up a potential for chain conveyors." (Ex. W 19; WA 112-117)*

As a result of the decree successfully urged by plaintiff Jeffrey on the Court below, it will have been successful in its litigation plan to destroy the patent rights on which Wilcox's new enterprise depends, after having successfully preempted the market created by Wilcox's invention.

The Wilcox apparatus patent 3,026,098 issued March 20, 1962. On May 7, 1962, plaintiff Jeffrey Galion Mfg. Co. filed a Declaratory Judgment action against the Wilcox patent, asking that it be declared invalid.

Prior to the filing of this Declaratory Judgment action, Wilcox had sued one of the largest coal mining operators, Eastern Gas & Fuel Associates, for patent infringement, and Jeffrey had then arranged with Eastern to take over complete control of the defense of this suit, and had agreed to also file the Declaratory Judgment action against Wilcox, on condition that Eastern would "refuse to negotiate any settlement with Wilcox" (WA 153-155).

The old and established Jeffrey company filed the Declaratory Judgment action against the Wilcox patent because its management viewed with *amazement*

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* The printed record below was in two volumes. "WA" refers to the Wilcox Appendix volume which has a white cover, and "JA" refers to the Jeffrey Appendix volume which has a blue cover. Emphasis is ours throughout unless otherwise indicated.

and even *alarm,* the success of the unwelcome competitor with its new miner. Unchallenged documents from Jeffrey's files, written by its own officials, stated:

> "Within the last two months the activity in Wilcox miners is *amazing* * * * considering the tight purse strings that operators are maintaining on capital expenditures.
>
> In addition, the interest in this machine by *small operators* (250-300 tons daily) *is increasing tremendously* * * *. Right now is the greatest activity in the Wilcox miners and the transactions are being completed *at an alarming rate.* (Ex. W-77; WA-180, 181).

Arnold Wilcox, an elderly man with a fourth grade education, created a new branch from an old industry.

The patented miner was invented by Arnold Wilcox, an elderly man from Raleigh, West Virginia who had enjoyed only the benefit of a fourth grade education (WA-526, 538). Much of his adult life was spent as a miner underground in the coal mines of West Virginia (WA-527,529).

The first of the machines of Mr. Wilcox's patent were made with crude tools in an abandoned machine shop near Raleigh, West Virginia, where he had only eight employees to help him (WA-419-421). The infant Wilcox company was built and has survived at Raleigh because of Arnold Wilcox's invention.

By the time of the trial in 1965, the infant Wilcox company had sold as many as 216 of the machines of Arnold Wilcox's invention (WA-426). These figures represent the creation of a new industry, when it is considered that the price of each machine exceeds

$50,000 (WA-426), and that these machines, for the first time, made possible the economical underground mining of low seams of coal of height on the order of only 38 inches or lower.

The plaintiff Jeffrey company is a giant of the coal mining machinery industry that has been engaged in developing and marketing mining machinery since as early as 1874 (WA-369). The Jeffrey company deliberately copied the Wilcox miner. There is no question here about which party was the first inventor of the new machine.

Jeffrey, a giant of the industry calculatedly made its miner in the image of the new Wilcox. These miners revolutionized the industry.

It was admitted that by the time of the trial, plaintiff Jeffrey had sold at least 60 or 70 of these Wilcox type miners (WA-512). Unquestionably, these sales *have multiplied* since the trial [1] in June of 1965.

In the words of the Court of Appeals "The machine accused here and known as the Jeffrey unit undoubtedly was *calculatedly made in the image of the Wilcox miner* but without the ingredient of reciprocation.[2] "

The District Court had found:

> "First of all, the record clearly shows that Jeffrey, influenced by the success of the Wilcox

[1] ***More than two years elapsed after the trial*** before the District Court rendered its decision declaring the Wilcox patent 3,026,098 invalid.

[2] This reciprocation feature is the basis of the technicality successfully urged on the Court by the plaintiff to vitiate the patent. The claims of the patent which define the patented invention are ***not*** limited to this feature.

> machine, *studiously copied* the Wilcox product and placed on the market the Jeffrey 100-L which was to a large degree *a duplication* of the machine being produced and sold by Wilcox." (WA-40)

The Wilcox miner, and its duplication, the accused Jeffrey 100-L, revolutionized the coal mining industry. Upon introduction of the Wilcox machine, it was possible for the first time to mine underground low seams of coal (38 inches or lower in height) *which would otherwise have been left in the ground.* Although not considered by the Court of Appeals, the invention caused production of low seam coal to soar upward in the Appalachian areas while mining costs were reduced.

Although the Court of Appeals did not choose to weigh the evidence offered on the point,[3] the invention revitalized low seam coal mining operations in the depressed Appalachian areas, *enabling small operators to survive.* An unchallenged report of 1962 from Jeffrey's files, referred to the 100-L miner which the Court of Appeals said "was calculatedly made in the image of the Wilcox miner" (Ex. W-15), (WA-103) as follows:

> "The future prospects for this type miner are *tremendous.* With the Type 100-L Miner, coal companies are planning to mine coal seam areas of their mines that *heretofore could only be uneconomically mined.* The coal companies having

[3] The Court of Appeals stated: "Inasmuch as we vitiate the patent on its face in the light of its representation to the Patent Office and the District Court, we have no occasion to put it to the obviousness tests of Graham v. John Deere Co., 383 U.S. 1, 17 (1965). Nor need we weigh the defenses of anticipation or prior art. For the same reasons, commercial success and the other 'secondary considerations' are not presently pertinent. Id. 17. We do refer to Graham, however, to justify our use of the patent's history. Id. 33". (Appendix p. 7a)

thin seam operations are located in areas which generally coincide with the Appalachian Mountain Range extending from Central Pennsylvania down through Middle Tennessee.

In mines where the Miners are now being used, production has *soared upwards* and consequently mining *costs have been reduced.* * * *

In addition, the 100-L Miner is obtaining the enviable name of 'The Poor Man's Miner'; *now small operators with limited capital can apply progressive continuous mining methods* with lower initial costs and less labor personnel.

Other changes will be made in the design of the Miner as the conditions warrant, but the basic design has been quickly accepted by the mining industry." (Ex. W-15), (WA-103).

The Jeffrey officials were given every opportunity to explain away the cruel import of the reports obtained from the company's files. Not one of them could do so. (Wilson WA-332-335; Knode WA-387, 388; Montgomery WA-519, 521, 524).

Although the Court of Appeals said "We have no occasion * * * to weigh the defenses of anticipation or prior art," it is noteworthy that the uniqueness of the Wilcox miner and the complete absence of any significant prior art, *was established beyond any question.* These excerpts from testimony of Jeffrey's Vice-President Wilson, and expert Frantz, establish this:

"Q. Can you name any other miners, machines other than the 100-A, 100-L and the Wilcox miner that was on the market *within your experience* that were made in accordance with the principles that we have discussed, the adjustable augers [horizontally] spaced, and so forth.

A. No.

Q. And your experience in the industry dates back until when, sir?

A. In 1922. (Testimony of Wilson, WA-362).

* * * * * *

Q. Now, yesterday, Mr. Frantz, you testified with respect to a number of patents. Do you recall?

A. Yes, sir.

Q. And of those patents which you testified on yesterday, would you tell the Court if you ever saw a machine either in operation or on the floor somewhere as described in those patents?

A. I am not sure that I have, sir." (WA-446)

The learned expert Frantz with many years of experience in the industry, then admitted that the machines of each of the prior art patents, had not even appeared in the industry, to the best of his knowledge (WA-446, 447). Thus, from the standpoint of practical underground coal mining, the Wilcox invention was revolutionary.

'The Court below, erroneously vitiated the Wilcox patent without evaluating the worth of the invention defined in its claims.

While not referred to by the Court below, and this is clear error in view of previous opinions and decisions of this Court, Wilcox *did* claim the invention of his miner *without* the reciprocation feature as a combination of two augers horizontally spaced and vertically adjustable, when he filed his first or original patent application, Serial No. 449,851, on August 16, 1954. See original claim 1 (WA-79-80). As stated in *United States* v. *Adams,* 383 U.S. 39, 49 (1966), "this feature was not the afterthought of an astute patent trial lawyer."

These original broad claims on the combination *without* the reciprocation feature were initially rejected and then cancelled by Wilcox, but were reinstated by an amendment filed July 1, 1959. See claim 17 (JA-206b).

After further rejection, these claims without the reciprocation feature were presented in the Wilcox divisional application Serial No. 108,371, filed May 8, 1961 from which they issued in the Wilcox patent 3,026,098 on March 20, 1962. This is the Wilcox patent against which the Declaratory Judgment was brought. This Court has stated, in upholding the patent in *Smith* v. *Snow,* 294 U.S. 1, 16 (1935):

> It is of no moment that in the course of the proceedings in the Patent Office the rejection of narrow claims was followed by the allowance of the broader claim 1.

The point of Patent Office practice on which the Wilcox patent was "vitiated", i.e., that Wilcox was estopped to reinstate the combination claims without the reciprocation feature, was first asserted and then withdrawn or *waived* by the Patent Office. This is the exact point which was in issue before this Court in *Overland Motor Co.* v. *Packard Motor Car Co.,* 274 U.S. 417 (1927). This Court held the patent with such claims to be valid in the *Overland* v. *Packard* case. A "file wrapper defense" was also rejected in *Smith* v. *Snow,* 294 U.S. 1.

The Court below "vitiated" the Wilcox patent without evaluating the worth of *the invention of its claims,* which were not limited to the reciprocation feature disclosed in the specification, erroneously relying on file wrapper estoppel. This decision is also in direct

conflict with *Smith* v. *Snow,* 294 U.S. 1, 6, 11, and 16 (1935). As there stated, 294 U.S. at 14:

> ". . . it is plain from what has been said that the *character of the patent* and its commercial and practical success are such as to entitle the inventor to broad claims and to a liberal construction of those which he has made."

And at 294 U.S. 11:

> "We may take it that, as the statute requires, the specifications just detailed show a way of using the inventor's method, and that he conceived that particular way described was the best one. But he is not confined to that particular mode of use since the claims of the patent, not its specifications, measure the invention."

The Court below did not heed the commands of *Graham* v. *John Deere Co.,* 383 U.S. 1 (1965), to first consider the invention as a whole, to measure that invention against the prior art, and to determine the true merit and breadth of the patent. Rather, the Court of Appeals, considering those commands "not presently pertinent" judged the patent only against its own specification, thus committing a serious misconstruction of the patent and a misapplication of this Court's recent decisions in *Graham* and *Adams,* supra.

The practical effect is that petitioner has been denied a full hearing contrary to fundamental principles of due process. Unlike *United States* v. *Adams,* supra, here the dominant company in an industry has successfully destroyed a patent on a very meritorious invention. A pioneer inventor is entitled to cover devices which depart structurally from the specific embodiment described in the specification. *Smith* v. *Snow,* supra.

CONCLUSION

The Court below decided a federal question in a way which is in conflict with applicable decisions of this Court. In so doing, the constitutional purpose of the patent laws was subverted by vitiating a new competitor's patent on its face, when that competitor was using the patent as was intended by the Constitution, in an attempt to enter and compete in an old and established industry.

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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